

HOUSE BILL 1245
By Godsey

AN ACT to amend Tennessee Code Annotated, Title 47,
Chapter 18, Part 1, relative to gift certificates.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 18, Part 1, is amended by adding a new section thereto, as follows:

Section 47-18-126.

(a) For purposes of this section, "gift certificate" means a writing identified as a gift certificate or gift card that is not redeemable for cash and is usable in its face amount for goods or services supplied by the seller of the gift certificate. A gift certificate shall include electronic cards with a specific dollar value, a merchandise credit, a certificate where the issuer has received payment for the full face value of the future purchase or delivery of goods or services, and any other medium that evidences the giving of consideration in exchange for the right to redeem the certificate, electronic card or other medium for goods, food, services, credit or money of at least equal value to such consideration.

(b) No person or entity shall sell a gift certificate that contains:

(1) An expiration date that is less than five (5) years from the date of issuance. For such expiration date to be valid, it must appear on the gift certificate in capital letters in at least ten-point font; or

(2) A service fee, including but not limited to a dormancy fee. Provided, the seller of a gift certificate may charge a one-time handling fee if such fee does not exceed one dollar (\$1.00) per gift certificate.

(c) A gift certificate sold without an expiration date as provided in subdivision

(b)(1) shall be valid until redeemed or replaced.

(d) The provisions of this section shall not apply to:

(1) Gift certificates that are distributed or given to a consumer pursuant to an awards loyalty or promotional program without any money or other consideration being given in exchange for such gift certificate;

(2) Gift certificates that are sold below face value or donated to nonprofit and charitable organizations for fundraising purposes; and

(3) Gift certificates that are usable with multiple sellers of goods or services.

(e) Any violation of this section shall be construed to be an unfair or deceptive act or practice and subject to the penalties and remedies provided by this chapter.

SECTION 2. This act shall take effect July 1, 2005, the public welfare requiring it and shall apply to gift certificates issued after such date.